

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 20, 1996

SUBJECT: **SB 2593 - HB 2808**

This bill, if enacted, will require managed care organizations to use provider networks developed for patients not on TennCare and to prevent discrimination against any healthcare provider who chooses not to participate in TennCare. Any MCO violating this law would be ineligible to participate in TennCare.

The fiscal impact from enactment of this bill is estimated to result in an increase in expenditures to the TennCare Program. The provisions of this bill will cause an increase in capitation rates to insure that sufficient providers remain in the TennCare Program. This bill will affect existing procedures used to control cost. Allowing MCO's to utilize their non-TennCare networks increases their bargaining power and holds down costs. The amount of such increase cannot be determined but is estimated to exceed \$1,000,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized 'J' and 'D'.

James A. Davenport, Executive Director